

Increasing Profitability with Ancillary Sales in Hertz Finland

Susanna Tham

Bachelor's Thesis
Degree Programme in Hotel-,
Restaurant- and Tourism
Management
2018



Author(s) Susanna Tham	
Degree programme Hotel-, Restaurant- and Tourism Management	
Report/thesis title Increasing Profitability with Ancillary Sales in Hertz Finland	Number of pages and appendix pages 49+1
<p>In 2012 Hertz Finland launched a new ancillary sales programme called the Wheel. The Wheel consists of 6 steps sales model, which is taught for the staff in Service Based Sales (SBS) training. The Wheel 6 step model concentrates on how to sell to a customer. It encourages the CSRs (Customer Service Representative) to ask certain questions and observe their clients carefully, to understand what might be their wants and needs. Based on these informations the CSR always offers each ancillary product and service for each client, but for different reasons.</p> <p>In addition to the comprehensive training, Hertz also offers the CSRs a 10% bonus of each ancillary product/service they have sold. What can be considered as ancillary is very easy to monitor, because most of the customers do reserve a car beforehand. The overall ancillary sales are being monitored by each station manager on a daily basis.</p> <p>The author considers that the Wheel programme is working because it targets each customer's individual needs. So, even though each item is being offered to each customer, there is always a different reason for it. The staff has considered the programme to be a good way to earn more and therefore find the programme quite motivating.</p> <p>From profitability point of view, the programme has generated more revenue with small expenses. As the bonus is linear to the ancillary revenue made with the programme, the expenses can never be more than the earnings. Therefore the only considerable cost of the programme is the training cost. However, after the launch of the programme the staff turnover has significantly declined. This saves the company money on staff expenses, because they don't have to constantly train new staff. Knowledgeable staff is a valuable asset for the company, because they often have better tools for selling well and performing at work.</p> <p>From CRM (Customer Relationship Management) point of view, the author would suggest creating a rental database for the company, which would lay out the client's rental history in a smart and easily accessible way. This would enable the use of existing client information in the sales situation. The rental history, however, should never be used to pre-judge customers, but rather to better understand them.</p>	
Keywords Profitability, Customer Relationship Management, Ancillary Sales, Employee Motivation, Car Rental	

Table of contents

1	Introduction	1
2	Profitability	3
2.1	Increasing Revenue with Ancillary Sales	3
2.2	Increasing Customer Satisfaction and Loyalty	4
2.3	Increasing Staff's Knowledge and Loyalty	8
2.4	Minimizing Expenses.....	9
3	CRM - Customer Relationship Management	12
3.1	Customer Strategy and Segmentation	12
3.2	Value Creation.....	13
3.2.1	The Value Received by the Customer.....	13
3.2.2	The Value Received by the Company.....	14
3.2.3	Balance Between the Value Exchange	16
3.3	Customer Experience	16
3.4	Meeting and Exceeding Customer Expectations.....	17
3.5	Managing Relationship Equality	19
4	The Wheel Programme.....	21
4.1	General Introduction	21
4.2	Service Based Sales (SBS).....	22
4.2.1	The Core	23
4.2.2	The Wheel.....	24
4.2.3	What Makes the Programme Work?	26
4.2.4	Training and Controlling	27
5	Staff Survey – How does staff feel about the Wheel	28
5.1	Outlets included in the survey	28
5.2	Importance of the programme	28
5.3	Functionality and improvement suggestions	29
5.4	Work environment	31
5.5	Motivation towards work.....	32
5.6	Loyalty towards the employer.....	33
5.7	Summary and thoughts	34
5.7.1	Motivational tools.....	34
5.7.2	Performance and sales tools.....	35
5.7.3	Work environment and employee wellbeing.....	36
6	Profitability of the Programme	38
6.1	Profitability from International Point of View	40
6.2	Development Suggestions	40
6.2.1	Automation	41

6.2.2 Rental Data Platform	42
7 Discussion	44
7.1 Analyzing the Method	44
7.2 Future Research Suggestions	45
7.3 Evaluation of the Process	45
References	47
Appendices	50
Appendix 1. SBS Coaching Sheet	50

1 Introduction

Hertz car rental company started first operating in Finland in 1966 and the licence transferred to the current owner First Rent a Car Finland Oy in 1979. Nowadays Hertz is operating in 71 outlets across Finland. A sublicense has been given to 6 entrepreneurs in Finland and 30% of the business is handled by these entrepreneurs, meaning that 70% of the business is being handled by the First Rent a Car Finland Oy themselves. The overall sales of the company are over 30 million euros annually and the company offers jobs for over 200 employees. Hertz owns more than 2500 cars in Finland, including passenger cars and delivery vans (Mikkonen 2016).

In 2012 Hertz Finland launched their new ancillary sales programme called the Wheel. The aim of the programme was to increase the company's profitability and gain competitive advantage in the industry. The success of the Wheel is based on the performance of the Customer Service Representatives (CSRs). To keep their staff motivated Hertz offers 10% bonus of the ancillary revenue for the CSR who makes the sale. Additionally, to this Hertz also offers a wide training for the staff to ensure that everyone has the tools to sell well. (Mikkonen 2016)

The objective of this thesis is to examine whether the programme has been a profitable investment for the company or not. The author is examining the topic not only from an instant cash flow point of view, but also as a long-term investment.

The main question this thesis aims to answer is:

- Has the Wheel programme been a profitable investment?

Further research questions are:

- Why the programme has or has not been profitable?
- How to further improve the programme?

The author decided to concentrate only in Hertz Finland rather than other countries, because of the locality and accessability of the information. And, as the Wheel programme has been in use for a longer time in some other countries, it would have made the research a lot more complicated because of the variety of information and time spans.

In the theory part of the thesis the author uses several sources including books, studies and articles to demonstrate different theories about the interconnection of profitability and customer relationship management (CRM). The references used are meant to expose different opinions of the subjects in hand to create versatile views of the topic before making

conclusions. By doing so the author hopes to better justify the statements made later on in the thesis.

In the research part of the thesis the author introduces two researches: an interview and a survey. The interview was made with the CEO of the company to get some basic knowledge about the programme and what is expected of it. After that, an open question survey was made for the staff. All the answers were collected anonymously and the aim was to collect as valid information about the programme from staff's point of view as possible. All the results and research methods are further introduced later on in the thesis.

The author concludes the thesis with further discussion on the topic and future research and development suggestions.

2 Profitability

Profitability is one of the key figures followed in companies around the world, as making profit is essential for the business to stay alive. If a company keeps on making loss for a long period of time, eventually the organization will end up in bankruptcy. The HBR Guide to Finance Basics for Managers (Harvard Business Review Press 2012, 22) simplifies the term “profitability” by explaining that a company is profitable when a positive net profit is achieved after subtracting all of the company’s expenses from the company’s overall revenue.

$$\text{Revenue} - \text{Expenses} = \text{Profit/Loss}$$

Profitability is often being followed from the company’s income statement, which lays out all the company’s revenue and expenses in a vertical chart. From the income statement the company can also easily pinpoint the parts that effect the profitability the most. Therefore, following the income statements helps the company to form decisions on how to enhance their profitability.

To gain profitability the company has to keep their revenue level higher than the overall expenses, and to achieve this the company may take on several different actions. The main goal is to either increase revenue, lower expenses or achieve both simultaneously. In the following subchapters the author will introduce different ways to increase a company’s profitability. These are only few examples and the author chose these specifically to support the empirical work that will be introduced later on in the thesis.

2.1 Increasing Revenue with Ancillary Sales

Increasing company’s sales is an easy way to increase profitability if the company’s expenses remain steady. The more the expenses grow when increasing revenue, the smaller the gained profitability is. If, however the company can increase sales without any investments or added costs, this would theoretically be a highly profitable action for the company.

Ancillary sales are being used in many industries to increase sales, as an example it is often associated with the airline industry. Ancillary sales mean add-on products or services and upgrades that the company is selling. For example, in the airline industry everything besides the ticket can be considered as ancillary e.g. bags, meals, seat upgrades and so

on. Jared Lewis explains in his article as follows: “Ancillary revenue is essential in a number of different industries within the hospitality and tourism field. Hotels and airlines, especially, rely on revenue generated by sales of secondary products and services to customers who already utilize their primary services”.

Ancillary sales can be divided into two categories: upselling and cross-selling. Len Markidan (2014) explains the two terms in his article as follows:

- “Upselling is a strategy to sell a more expensive version of a product that the customer already has (or is buying), or to add extra features or add-ons to that product”
- “Cross-selling is a strategy to sell products that are different — but possibly related — to the product the customer already has (or is buying)”

Markidan continues his article by stating that: “Both methods are useful, and both essentially do the same thing: help the customer get more value from your business, and help your business get more loyalty and revenue from the customer.” David Peters (2014) also writes about the importance of upselling and states that: “When upselling is done correctly you can easily increase what customers spend each visit, all while ensuring they have a great experience and want to come back, again and again”.

As can be noticed from David Peters’ comment, apart from revenue ancillary sales can also have a direct impact on the customer experience. In his book, *Strategic Customer Service*, John Goodman claims that: “Customers are often delighted by an alternative enhanced offering that better meets their needs” (2009, 181). Len Markidan (2014) also has a similar opinion: “Upselling is a valuable skill for anyone delivering customer service, because it can help you achieve your number one goal: make your customers happier and more successful. It’s not always appropriate (never sell to angry customers), but often it can help both you and your customers win.” Goodman also comments on the appropriateness of ancillary sales by stating that: “Whether cross-selling is a delighter in a specific instance depends on what, when, and to whom you are selling” (2009, 186). Based on this, ancillary sales can be considered as a possible delighter for the customer as long as the sales representative takes into consideration some variable factors. Delighting customers also has its own benefits, which are further discussed in the following chapter.

2.2 Increasing Customer Satisfaction and Loyalty

“Customer attitudes – their **satisfaction** with a company and its products, their gripes and complaints, their intent to **repurchase**, and so forth – also don’t appear on the financials.

Yet those attitudes are critical indicators of a company's future success. After all, if a firm can't hold on to its customers and attract new ones, its prospects are likely to be dim." (Harvard Business Review Press 2012, 135)

Customer satisfaction and customer loyalty are considered as very important factors in most businesses. These two terms, however, often get mixed up with each other, but there is a significant difference between the two. For example, to be a loyal customer does not necessarily guarantee satisfaction towards the product or service, but instead it might be a cause of for example lack of options. In other words, unsatisfied customers might still be very loyal to your company and vice versa. Mark Klein, founder and CEO of Loyalty Builders Inc., talks about the difference between the two terms in his article Customer Satisfaction Is Not Customer Loyalty (2013). Klein explains that customer satisfaction is a backward-looking metric that concentrates on the consumer's happiness towards the product or service. Customer loyalty on the other hand is a forward-looking indicator concentrating on the consumer's willingness to repurchase from the company. He also adds that customer loyalty can be measured from the data the company already owns (repurchases the customer has already made) whereas customer satisfaction is often measured with surveys that all the customers will not necessarily respond to. Therefore the difference between the two terms is enormous. Frederick Reichheld, however, doesn't consider loyalty only as the willingness to repurchase, but instead he describes it as "willingness of someone—a customer, an employee, a friend—to make an investment or personal sacrifice in order to strengthen a relationship" (2003). In his article he explains that someone might be buying continuously from the same company for several different reasons, but that doesn't necessarily mean that they are loyal to the company. So when can we call our customers loyal and do we need to satisfy their needs in order to earn their loyalty? And what role do both of the terms play in the company's finances?

In his book, Strategic Customer Service, John Goodman discusses the meaning of good customer service, satisfaction and the effect they can have in your business. According to Goodman: "Every organization's success depends on it keeping customer satisfied with the goods or services that it offers" (2009,1). He also adds that: "The key to survival, growth, and profitability the world over is, and will continue to be, satisfied customers" (2009, 12). Mark Klein, however, points out in his article that: "The real shocker about customer satisfaction is that it says nothing about a customer's future behavior" (2013). What he means with this is that customer satisfaction doesn't guarantee future purchases. In contrary to this, Infinit Contact (2015) published an article talking about the importance of customer satisfaction. The article claims that customer satisfaction plays an important role on getting loyal customers for a company and keeping them loyal in the future. "Loyalty is

a belief that was formed from having a customer encounter good experiences from your brand. Ensuring that a client is satisfied with every point of interaction is a process that leads to loyalty down the road". From this, it is easy to see that when talking about the importance of the two terms there is not just one clear answer. What is similar between these publications, however, is that they seem to find either one or both of the terms important.

Matthew Dixon, Karen Freeman and Nicholas Toman have a different kind of perspective when talking about customer satisfaction and loyalty. In their article *Stop Trying to Delight Your Customers* (2010) the authors state that concentrating on making your customers satisfied does not in fact make them any more loyal than any other customers. However, they quickly add, that making your customer dissatisfied on the other hand will make them more disloyal towards your company. "Although customer service can do little to increase loyalty, it can (and typically does) do a great deal to undermine it. Customers are four times more likely to leave a service interaction disloyal than loyal" (2010). Based on this we can conclude that even if satisfied customers don't necessarily end up as loyal customers, keeping them satisfied is still worthwhile just to ensure that there would be no disloyalty either.

When talking about profitability enhancement in a company, satisfied and loyal customer play a crucial role. Which ever decisions are made (for example cutting costs, increasing prices), keeping your customers satisfied stays important. John Goodman introduces a study about customer satisfaction in his book with an interesting outcome. The study explains that out of all the delighted customers each one would tell about their experience to four other people. Out of these four people one would act on the recommendation. "That means that each delighted customer told four people, one of whom acted; thus, each customer produced one new prospect who at least seriously considered the product" (2009, 179). Although this can't be considered as a norm in every company, keeping customers satisfied can be thought of as a beneficial act for your company. After all, it's commonly understood that even if a satisfied customer wouldn't talk about their experience a dissatisfied customer most certainly will. And although a satisfied customer does not effect the company's financials directly, the effect one person can have on either gaining or losing new customers is essential. After all, it's often said that finding new customers is more expensive than keeping the old ones. Therefore gaining new customers for your company through positive word-of-mouth can be considered as beneficial. As John Goodman wrote on his book: "Companies with strong positive word of mouth can spend little to nothing on marketing" (2009, 12).

Loyal customers on the other hand have a more direct effect on the company's financials. Loyal customers are known to purchase more, cost less and recommend the company more often than other customers. If we consider only these things, we could straight away assume that loyal customers are more profitable for the company than other customers, since they bring more revenue for the company with less expenses. This however, according to an article published in The Wall Street Journal, isn't exactly true. In the article, the authors claim that: "Loyalty does not always equal profits. In fact, many companies don't know how to recognize - and thus encourage - the kind of customer loyalty that's really worth having" (Keiningham, Aksoy, Buoye & Williams 2009). The article starts by explaining that the most important part about customer loyalty should not be how the customer is feeling, but rather how they are behaving. By this the authors mean, that a customer can be loyal to a company yet they do not purchase from the company as often as wished. The article continues by explaining that only about 20% of company's customers are in fact profitable. Therefore, finding the loyal customers that land in the 20% share should be considered as the most valuable financially. According to the authors many customers' loyalty is driven by the expectation of great deals, which makes them less profitable for the company. Let's say, however, that if a company would be able to gain loyal customers without any special deals (that would make them less valuable), it would be almost safe to say that loyal customers are in fact more profitable for the company than other customers. According to Shaun Smith and Joe Wheeler: "A 5 percent increase in customer loyalty increases the lifetime profits of a customer by as much as 95 percent. Investing in building loyal customers is an investment in profitable growth" (2002, 28). John Goodman agrees with Smith and Wheeler's idea of loyal customers having an impact on the company's financials by stating that: "Companies with strong customer loyalty and retention consistently rank among the revenue, margin, and earnings leaders in their categories" (2009, 12). As seen from the material introduced above loyal customers are considered as financially important for the company, although, some exceptions do seem to appear. However, if a company is able to gain loyal customers that continuously purchase without lowered prices, that would make them theoretically more profitable for the company.

There are many ways to increase customer satisfaction and loyalty and the ways do differ between organizations and industries. To gain these customers, however, can be considered as an important factor effecting companies' success throughout industries. As Shaun Smith and Joe Wheeler state in their book: "Companies with satisfied, loyal customers enjoy higher margins, greater profits – and consequently, higher stockprice earnings multiples – than businesses that fail to retain and satisfy their customers" (2002, 26).

2.3 Increasing Staff's Knowledge and Loyalty

A company's staff is one of the most important factors effecting the company's everyday business life. Employees in all sectors of the company represent their employer and have an impact on the image the company gives out to their customers. Staff plays a crucial role in the business world and therefore having qualified and motivated staff is extremely important for the wellbeing of the company.

Shaun Smith and Joe Wheeler write about the importance of employees in their book *Managing the Customer Experience*. The authors claim that: "Unleashing the power of the company's employees is the most essential component in determining whether customers return or go to the competition" (2002, 80). Many seem to agree with Smith and Wheeler, for example Niraj Rout's article in *Business to Community* (2015) states that: "Employees are the backbone of any company. It's them who help foster, and build relations with the customer. Treating your employees right will not just boost their well-being and happiness, it'll gradually trickle down to your customers". Smith and Wheeler also state that: "If you concentrate on creating a great environment for your employees, they will focus on creating a great experience for your customers" (2002, 100). John Goodman also writes about the importance of employees, but instead of talking about creating a great work environment for the employees, he writes as follows:

"Ultimately, the performance of a customer service function depends mainly on how well your organization hires, equips, trains, and motivates the people who are answering questions and solving problems for your customers. It's no place to skimp, and because too many organizations believe that it is a place to skimp, developing such a staff is one of the surest ways to gain a competitive edge and win long-term loyalty". (Goodman 2009, 169)

Based on the information above, employees are to be considered as an important asset for any company. So, to keep staff motivated and well trained, should be one of the top priorities for companies. If in fact, satisfied employees concentrate more on creating a great customer experience, based on what was discussed in chapter 2.1.2 already gives a good reason for concentrating on creating good employee environment. Motivating and training staff plays a crucial role in developing the right kind of environment and therefore, they also can have an indirect effect on the company's financials.

Staff training is a key to having qualified people working for your company. Training is however often being forgotten after the beginning of the employment. Continuous employee training should be considered as important, since it offers tools for the staff to learn

more and not only became more knowledgeable, but also make their job easier. The negligence of staff training can have a negative effect on the employees' wellbeing at work and this way also effect the customer experience negatively.

"While the right training is costly, the lack of it is even more costly. High-quality training helps customer service attract and retain excellent employees while developing their skills, enriching their knowledge, and improving their job performance and results. These practices translate into financial rewards."

(Goodman 2009, 158)

When talking about staff motivation however, we face that motivation is actually a very individual quality that's often based on personal needs. For example, in a work place, money is often thought of as a great motivator, but for some money is not necessarily a driving force at all. For instance, some might be motivated by getting top results in the company or verbal praise from the employer. Therefore, motivating staff is not necessarily as simple as some might believe it to be. However, motivating also depends on what the company wants to achieve with it. For example, when aiming at making top sales results, motivating staff with rewards or bonuses based on their individual sales, both helps the company to achieve a certain goal while motivating their staff to achieve it.

By offering the employees tools to succeed at their job, the company could build longer lasting employee relationships. Staff loyalty is important, because the higher the staff turnover, the more expensive it is for the company. Therefore, building long lasting employments and lowering staff turnover is a great way of cutting companies costs. Loyal staff that works for the same company for a long time also often knows the company and their products better and is able to use this knowledge as their advantage for example, in sales situations. By offering continuous training and motivational tools for the employees the company can both make the staff's job easier and more enjoyable. Since the company's employees are an important tool on making customer experience great, investing in staff's wellbeing should be an investment worth making. Especially, since in the long run, the investment could be paying itself back with lower staff turnover and long lasting customer relationships.

2.4 Minimizing Expenses

Companies have many ways of cutting costs, but this does not necessarily make the company more profitable. There are always expenses that could be even lower, but the company should always keep in mind the bigger picture rather than the numbers on their income statement. For example, if a company decides to cut their staff cost in half by firing

50% of their employees, it does not mean that the company will be more profitable just because their costs are now smaller. For this to work, their revenue should remain steady. And even if so, the smaller amount of employees could effect customers' experience, staff's work amount, stress and wellbeing. Therefore, when cutting costs, the company should always think about the effect the procedure is going to have in the overall business.

Based on the information above, instead of concentrating on how to cut costs, the author decided to rather concentrate on how to minimize expenses to make a business more profitable. Chapters 2.2 and 2.3 introduce the importance of customer and employee satisfaction and loyalty and the effect they can have in a company. The author sees these as great ways of minimizing the company's expenses. For example, as mentioned earlier in chapter 2.2 making new customers is more expensive than keeping the old ones. Based on this the author states that using the old customers as a marketing tool to get new ones is a great way of minimizing marketing costs. Satisfied and loyal customers are an investment that helps the company to succeed and therefore creating a pleasant customer experience for them should always be considered as crucial. As John Goodman writes in his book: "Positive experiences generate positive emotions, and those emotions motivate customers to tell their friends and acquaintances how they can experience similar delight. Such customers often want to see your organization do more business and succeed (if only so that they can continue to do business with you)" (2009, 178). And as mentioned in chapter 2.2 satisfying customers is important if not only to make them loyal, but also to make sure they will not end up disloyal.

In chapter 2.3 the author writes about loyal staff members and how they effect both customer experience and staff turnover. As mentioned earlier by investing in staff's satisfaction the company invests into customer satisfaction as well. And what comes to lowering staff turnover, it can have a huge impact on a company's financials. Shaun Smith and Joe Wheeler introduce a Reinchheld's study in their book, which explains that: "Stores with 'low' employee turnover (100 percent on average) had profit margins 50 percent higher than stores with high employee turnover (averaging 150 percent). This improvement in margins is a function of a number of things – lower recruitment costs, greater knowledge of company processes and systems, efficiencies in the return of training, and, of course, the positive impact loyal staff can have in developing loyal customer relations" (2002, 72). Based on this, it's safe to say that by investing into company's employees, the company can actually minimize their expenses.

Although many businesses might think that cutting costs with layoffs will make them more profitable, being smart about the procedure is the key to success. Instead of just cutting costs, making smart investments in the company might actually help the business in the long run a lot more than making quick saves that will end up harming the business. Increasing profitability is not a one-way street, but rather a mission that needs planning and smart decision making. If a company can minimize their expenses while making more loyal customers that bring in more revenue, the path to profitability is open.

3 CRM - Customer Relationship Management

Adrian Payne writes about Customer Relationship Management (CRM) in his book called Handbook of CRM: Achieving Excellence in Customer Management and states that CRM concentrates on creating, developing and enhancing customer relationships with carefully targeted customers. By doing so, CRM aims to improve customer value, increase company's profitability and maximize shareholder value. (2006, 4)

"Companies have realized that it is no longer simply enough to offer excellent products: ease of duplication and market saturation can quickly dispel initial indications of winning formula. Today's key differentiator is exceptional service provided on a consistent and distinctive basis. Service is more difficult to imitate than a product because service requires customer input and involvement. Competitive advantage can therefore be gained by leveraging knowledge of customers' expectations, preferences and behaviour"
(Payne 2006, 5).

Payne explains that CRM is about both understanding and meeting customers' current needs and anticipating their future requirements. Consumers have a huge amount of options to choose from and therefore there are even more and more personalized options available for them as well. Due to this, increasing customer satisfaction requires the company to know their customers better than ever and to be able to use this knowledge proactively. (2006, 13-14)

3.1 Customer Strategy and Segmentation

A company's customer strategy is formed based on their business strategy. When the company understands, what they want to achieve and they have analysed their market it is easier to concentrate on who are the customers they need to focus on and how to attract them.

Customer strategy defines what customers should be concentrated on and which customers should be left out of the business. Market segmentation helps to understand which customers are valuable in which way and how to target them better. "It is important to recognize that customers differ and thus relationships with customers will have to be managed differently if they are to be successful. This is the key principle of CRM" (Payne 2006, 62).

Before market segmentation, the company should clearly define their customer and different customer segments. Emily Northway of Visma explains customer segmentation as follows: "Customer segments are usually determined on similarities, such as personal characteristics, preferences or behaviours that should correlate with the same behaviours that drive customer profitability." (2016) Based on different customer characteristics the market segmentation will then divide the total market into a series of sub-markets also known as market segments. "Once companies understand the distinctive characteristics of their segments they can adopt a much more targeted approach to their customer." (Payne 2006, 64). Payne continues by explaining that: "Successful market segmentation means satisfying the needs of existing and potential customers in a clearly defined market. This involves understanding customer attitudes and customer preferences, as well as the benefits which are sought." (2006, 65) Emily Northway also writes about the importance of segmentation stating that: "Even if you have a highly-targeted customer demographic in your business, there are still variations between individual customers. Recognising these differences will allow you to tailor your approach to the needs of varying customer segments. Differentiating your customers allows you to effectively serve a wider group of people." (2016)

Customer strategy, however, is not only about concentrating on which customers and customer segments to serve. Instead it is also about understanding which products or services to sell to them. As Larry Myler (2016) writes in Forbes: "Individual buyers are convinced that their circumstances and challenges are unique, and unless you can prove to them that your solution has been crafted with their situation in mind, you may lose the deal."

3.2 Value Creation

"Creating customer value is increasingly seen as a key source of competitive advantage." (Payne 2006, 102) According to Payne, the value creation process is based on three main elements: the value received by the customer, the value received by the company and managing this value exchange successfully.

3.2.1 The Value Received by the Customer

"Customers do not really buy products or services – when they buy they expect benefits and value from the total offer the company provides." (Payne 2006, 104) The buyer assigns the value of the product or service based on the perceived benefits compared to the buyer's expectations. In other words, the value of the company's offer is based on how does the offer benefit the buyer and do the benefits exceed the expectations of the buyer.

To increase the value received, the company can take on several actions among developing a relationship with the customer. According to Payne: "Customers value relationships with trusted suppliers who make a superior offer. As relationships are an important dimension of value, considerable efforts need to be expended on building and enhancing these relationships over time." (2006, 111) Payne explains that too many companies concentrate on getting new customers rather than holding on to the existing ones, which leads into a so called "leaking bucket" kind of a situation, where the old customers fade away while you are trying to make new ones and you end up with an empty bucket. Therefore, Payne suggests building a customer relationship with the existing customers and aiming to gain their loyalty for repurchases and positive word of mouth. As discussed in chapter 2.2 customer loyalty can be considered as an important factor effecting a company's profitability. According to Payne, a relationship with the customer creates value for them and as discussed in chapter 2.2 it's also valuable for the company, making the relationship creation a key element when aiming to develop a successful business. (Payne 2006, 111-115)

3.2.2 The Value Received by the Company

"The value the supplier organization receives from the customer has the greatest association with the term 'customer value'." (Payne, A. 2006, 135) In his book, Payne explains that the concept of customer value consists of two main elements:

- Determining the variation of existing and potential customer profitability between different customers and customer segments
- Understanding customer acquisition and retention economics and the possibility of cross-selling, up-selling and building customer advocacy

As mentioned earlier in chapter 3.1 customer segmentation helps the company to determine which customers to concentrate on and which ones to leave out of the business. This all has to do with the profitability of the customers. Payne introduces a very commonly known 80/20 rule in his book, which basically suggests that 80 percent of a company's total sales is generated by just 20 percent of the customers. These 20 percent are often considered to be the most profitable for the business. Payne continues explaining that in CRM understanding which customers are highly profitable or have the potential to become highly profitable is important, because pinpointing these customers helps the company to develop a close relationship with these specific customers. (Payne 2006, 136-137) "It is somewhat surprising that most companies focus on identifying the profitability of

products rather than customers, when it is customers who generate profits, not products. Products create costs, but customers create profits.” (Payne 2006, 136)

Emily Northway (2016) comments on the 80/20 issue by stating that: “The 80-20 rule can be detrimental because internal cost is not one size fits all.” She continues by explaining that: “It’s natural for companies to use more costs on certain customer segments than others. Fluctuating costs must be taken into consideration, otherwise you could end up spending too much to serve one customer segment over others.” Payne also points out in his book, that companies need to understand that the profitability of customers may vary a lot since customers buy different mix of products with different gross margins. The cost of serving a customer varies a lot depending on how much time and effort is put into a one sale. So when talking about customer profitability, we actually talk about a lot of variables. (Payne 2006, 137-138) This basically means, that even if a customer would buy an expensive product or service from a company, it does not automatically mean that this specific customer is profitable. If the product or service has a low gross margin and the customer requires a significant amount of service time, thus increasing the cost of service, this would make the customer less profitable for the company.

Payne continues his book by explaining the importance of customer acquisition and retention. To understand the economics behind these two actions is important for companies so they can truly understand the value of each customer. Payne explains that the cost of getting new customers and holding on to the old ones plays a crucial role in all businesses. If a company keeps on losing their customers, they ultimately must get new ones. However, as mentioned earlier in chapter 3.2.1 getting new customers can be quite costly. This of course depends on several factors for example the customer segment targeted, the number of customers wished to gain, the cost of acquisition and retention rate. As mentioned in chapter 2.2. Keeping old customers is often considered to be cheaper for the company than constantly getting new ones. As Payne points out in his book, although the customer retention would not show on this year’s financials, it does have an effect on the company’s financials in the long run. (Payne 2006, 140-145)

The customer lifetime value is often used along side with customer profitability to measure the value of a customer for the company. Customer lifetime value basically means the total value a single customer has during the whole period of doing business with the same company. For example, if a customer buys a \$100 000 car from the same dealer every year, each year the customer lifetime value of this customer increases with \$100 000. However, as Payne points out in his book, when calculating the future lifetime value of a

customer it is not all this simple. For example, with cross-selling and upselling the company has an opportunity to increase the lifetime value of each customer. And as discussed in chapter 2.1 different ancillary sales methods can also have an impact on the customer's return rate as well. Based on this, careful cross-selling or upselling can increase the customer lifetime value by increasing the revenue of each purchase and increasing the return rate of the customer.

3.2.3 Balance Between the Value Exchange

Payne explains in his book that finding a balance between the value received by the customer and the value received by the company is extremely important in CRM. "Only a balanced value exchange will ensure that both parties enjoy a good return on investment, leading to a good (long-term and profitable) relationship." (Payne 2006, 156) If either of the parties receive more value than the other the relationship might be jeopardised. For example, if a customer buys an expensive product that does not live up to his expectations, the value received by the customer decreases. This might lead to the customer losing his trust towards the company and therefore ending the relationship. Balance between the value exchange is important for both the consumer and the company and can lead to a successful relationship profitable for both parties included.

3.3 Customer Experience

In his book, Payne writes as follows: "Competitive advantage today is not just about selling products and services to customers; it is about delivering world class service and building long-term and profitable relationships with customers, which are founded on mutual benefit and trust." (2006, 195). Payne continues by explaining that: "With the accelerating pace of technology, it is increasingly impossible to maintain competitive advantage merely through the attributes of individual products." In other words, the product life-cycles are a lot shorter and it does not take long after the launch of an innovation that the competitors have their own versions available in the market. Payne explains that the value to the customer is not based on a single product anymore but instead whether the company keeps on offering a stream of products that meet the customer's needs. According to Payne this leads to a customer relationship which attaches the consumer to the company and therefore makes it harder for the customer, because of financial or psychological reasons, to change the supplier. The result from this is increased customer profitability and retention and a possible decrease in the customer's price sensitivity. (Payne 2006, 196)

Payne continues by stating that achieving this kind of customer relationship requires steady delivery of value from each of the channels the company uses for example face-to-

face operations, mobile services and website. This basically means that to achieve the customer's trust, the company must be able to deliver the value proposition in the customer's eyes in all the contact points. (2006, 196) In other words, it is not simply enough if the customer's needs are met in one channel, because a failure to meet them in another channel might lead to not only an end of the customer relationship but move to buy from another supplier. So not only does the company lose a client, but instead they lose competitive advantage by losing the client to another supplier. Therefore, the company should always consider which channels to use very carefully and concentrate on delivering the expected value through each channel equally.

3.4 Meeting and Exceeding Customer Expectations

Meeting and exceeding customer expectations is a much-discussed topic and many companies seem to think that it is a key element that can make your business successful. As simple as the concept might sound in theory many companies still struggle with it. If the company wants to meet or even exceed their customers' expectations, they should first consider what might be the things that the customer is expecting from them.

Customer expectations can be based on several factors for example, previous experience, opinions of others, brand image and so on. Often the expectations are also based on what the company promises for its consumers. For example, if the company would promise freshly baked bread every day, the customer would most likely be expecting freshly baked bread each and every day as well. If, however, the company would fail to keep this promise, it might effect the customer relationship negatively. Is meeting the expectations that important though and should companies concentrate on meeting rather than exceeding the expectations?

Dave Fleet writes about meeting the customers' expectations in his website. Fleet explains that meeting customers' expectations is even more important nowadays than it used to be. "A failure to match what people expect with what they get can be disastrous for your brand. Don't make promises that you can't keep." (Fleet 2008) So rather than explaining why meeting expectations would be beneficial for the company Fleet makes a point about why failing to meet the expectations is harmful for the business.

Ganesh Mukundan writes about exceeding customer expectations as follows: "Merely satisfying customer expectations is more like playing the safe game. It won't get you anywhere. Your customers will still be vulnerable to competitors and, say, the moment they find a product in the market that is cheaper than yours, there is a tendency to jump ship.

Even if the difference is as less as a few cents.” (2016) Richard Lazazzera agrees with Mukundan by stating that: “The truth is, most businesses try to get away with just being average. But an average business produces mediocre results. It's the ones that put in a little extra effort to exceed customer expectations that create raving fans who purchase more often and share their experience with others.” (2015) Lazazzera continues by explaining, that exceeding customers’ expectations is highly profitable for the company since it increases customer loyalty and positive word of mouth.

William Bauer, however, has a different point of view on the matter. In his article in Entrepreneur (2016) he explains that exceeding customers’ expectations effects the customers’ future expectations as well and this way effects the consistency level of the company. For example, if a customer gets a free refill of coffee one time, they would likely be expecting it the next time as well. If, however, the refill would be charged the next time around this would effect the customer’s experience negatively because a free refill was expected. Bauer explains that especially when it comes to big brands and franchising companies that rely on standardisation, exceeding expectations can be almost lethal, because the consumer might consider this behaviour to be standard.

Andrew Miller also writes about exceeding customer expectations in Entrepreneur and like Bauer he doesn’t support the idea either, but for a different reason. “Why bother setting expectations if you know you can exceed them? Don't over deliver on features, benefits and services. Just tell your customers what they need and provide that. As soon as you start to over promise and over deliver, you create unnecessary additional work for your employees.” (Miller 2014) Miller continues by explaining that if your customers are expecting a certain thing from your company, why should you go through the effort of trying to exceed that expectation. Instead of using resources on trying to exceed consumers’ expectations, the company should rather concentrate on making promises that they do not even have to exceed. “Why have a policy to return a customer’s call within 30 minutes if customers are willing to wait two hours? You exhaust resources to make, and sometimes miss, that 30-minute deadline, even though customers don't require it and didn't asked you to. Don't set yourself up for failure trying to meet unnecessarily high customer expectations.” (Miller 2014)

Adam Toropek on the other hand does not completely abandon the idea of exceeding customers’ expectations. He states, however, that exceeding expectation shouldn’t be the companies primary goal, although it does serve as a nice delighter. He explains that if meeting customers’ expectations is a cake, exceeding expectations is just a cherry on top

of that cake. At the end of the day, however, the customer came to buy the cake and that is the most important thing for them. “Exceeding customer expectations should never be the primary goal of your experience design. Instead, begin with understanding expectations, meeting them consistently, and not hassling your customers. If you can, you’ll have baked a pretty good customer experience cake. After that, feel free to throw the cherry on top; it’s a nice surprise.” (Toropek 2016)

Based on the information above it is safe to say that meeting customer expectations is an important factor when building a good customer relationship. Exceeding the expectations, however, does have its good and bad sides. On the other hand, it might make the relationship stronger and enhance positive word of mouth, but then again it might effect the future experiences negatively and that way jeopardise the whole relationship all together.

3.5 Managing Relationship Equality

As discussed in chapter 3.2 there needs to be a balance between the value the customer and the company receives. If one of the parties receives a greater amount of value, the whole customer relationship might be jeopardised. As CRM concentrates on developing longlasting, profitable customer relationships the companies should also stay aware these relationships remain equal. As consumers constantly demand more and more individualized products and services the companies are quickly facing a “who is right” dilemma. “Customer is always right” suddenly becomes an unnecessary nuisance as the customers increasingly want more and consider themselves to always being right.

In 2014 Jayson DeMers published an article discussing the issue with “Customer is always right”. He encourages companies to fight back and stop believing into something that is not true. DeMers explains that serving customers with too big expectations is not worth it for the company, because it takes a lot more resources compared to what the company would achieve. “Don’t be afraid to cut ties with customers or clients who repeatedly make unrealistic demands or who consistently cause stress or friction. Rather than continually sacrificing your time, dignity and emotional health, focus your efforts on actively pursuing new customers or clients who respect your time and boundaries.” (DeMers 2014) Especially as consumers’ expectations are constantly changing and customers become more demanding, keeping in mind that a relationship should serve each party at least somewhat equally is important.

Bubba Page agrees with DeMers in his article published in 2015. "Often, the attitude that the customer is always right drives away good business as your company focuses on satisfying those who cannot be satisfied, or focuses on creating short term satisfaction over long term customer loyalty." (Page 2015) Page points out that a big part of this issue is that all the available information nowadays makes consumers think that they are experts and therefore they already know what is the best solution to their problem. This makes it then very difficult for the company to solve the customer's problem in an effective way, because the customer already knows what they want, since they think it is the best possible solution. The problem here however is, that even though the customer would consider something as the best possible solution, it might be in fact just a short-term solution, which then turns into an unsatisfied customer experience as the problem appears again. Therefore, although the customers might often think so, they are not in fact always right.

What comes to CRM, making longlasting relationships is important, but this should be done with right customers. The aim of CRM is to help companies understand better which are in fact the most profitable customers or have the potential of becoming ones. From CRM point of view, it is also important to understand, who are the customers that need to be left out of the business for it to have a better chance for success. Managing the equality of the relationship is therefore very important. As discussed earlier in chapter 2, there are many ways of increasing company's profitability, and leaving out the wrong kind of customers is one way.

4 The Wheel Programme

4.1 General Introduction

In 2012 First Rent a Car Company Finland Oy, representing Hertz, introduced their new Wheel programme. Hannu Mikkonen, the CEO of the company, explains (2016) that the purpose behind the new ancillary sales programme was a shift in the sales structure and a decrease in regular prices across the industry. Hertz wanted to stay on top the game and the purpose of Wheel was to both increase profitability through ancillary sales and to gain competitive advantage in the industry.

The Wheel programme works in a similar way to a commission fee: for every extra item sold for a customer the sales representative gets 10% (price before tax). As most of the customers do reserve a car beforehand, keeping track of what can be considered as extra is fairly easy. All the sales are being carefully monitored in each outlet daily by managers. To keep track of ancillary sales, Hertz gathers information about product based sales along with sales in general. The numbers are being compared in monthly bases and from this a Service Revenue Per Day (SRPD) index is being counted through which the company can recognize how much ancillary sales in total have been achieved.

The sales representatives have certain products to sell to the customers, including insurance, navigator, Fuel Purchase Option (FPO), Key Coverry and vehicle upgrades. The ancillary revenue of each product varies quite a bit, for example, the Key Coverry costs 1€/day for the customer whereas a navigator's cost is 15€/day. Vehicle upgrades on the other hand can end up costing hundreds of euros for the customer. What makes an ancillary product profitable though is not only the price, but also the amount of times the item is being sold (overall revenue of each product) and the cost of the product for the company. Out of all the ancillary products only the insurance and navigator can be pre-ordered when reserving a car. This means that all the other products are only being sold by the sales representatives.

Hertz doesn't encourage the sales representatives to sell certain items to certain customers, but rather to try and sell all the items to each of the customers. Mikkonen explains this by stating that: "Instead of concentrating on what to sell and to whom, we concentrate on **how** to sell it." (2016) This means that Hertz trains their sales representatives to recognise certain characteristics from their customers and to find out helpful information about them with specific questions. This helps them to then decide which is the best way to sell certain products and services to different customers.

According to Mikkonen, the programme is working well because it is highly motivating for the staff. The company offers their sales representatives a training on how to sell certain products to certain people and then offers the sales representatives 10% of each of the products they have sold. Of course, when putting the puzzle pieces together, 90% of the ancillary sales still fall into the company's own pocket, but by giving up the 10% Hertz aims to keep their workers motivated and this way earn more for themselves.

4.2 Service Based Sales (SBS)

Training is a big part of the Wheel programme and with proper training Hertz is aiming to maximize their sales. The key of the training is to teach Customer Service Representatives (CSRs) to do ancillary sales correctly to achieve better results. The training is called Service Based Sales (SBS).

The SBS training always begins by explaining why the programme is beneficial for both the customer and the sales representative (see table 1). Justifying the training and making sure that all the participants see an opportunity and benefits in it is very important to ensure that the training does not go to waste. Alex Lickerman wrote on Psychology Today about reasoning and explains that *why* is what drives people's actions and emotions. "We're simply far more likely to accept a change if we understand the reason for it. Interestingly, our acceptance seems to hinge less on how much we like the reason and more on how much sense the reason makes to us." (2010) Therefore giving a reason for the SBS training can be considered as an important part of the programme, because it explains why the training is important for each of the individuals and this way helps them to stay motivated and make use of what is taught for them.

Table 1. Hertz's SBS training material; Benefits of the training (2016)

Benefit for Customer	Benefit for CSR
<ul style="list-style-type: none"> • Better service experience • Make informed buying decisions • Greater value (and peace of mind) in the products • Gain a greater sense of trust and confidence in Hertz and you 	<ul style="list-style-type: none"> • Makes the job easier • Lifetime lasting skills • Professional and financial growth

After the reasoning the training continues by introducing the Wheel, which consists of 6 steps surrounding the core (see picture 1).



Picture 1. Hertz's SBS training material; Wheel model. (2016)

4.2.1 The Core

The core consists of three parts: knowledge, attitude and presentation. These are the core of the model because they help the CSR in each of the 6 steps in the Wheel.

The training material explains the importance of knowledge by stating that with product knowledge the CSR can better justify different options for the customer. When the CSR understands different aspects of the product in hand it is easier for them to sell the benefits of the product for the customer than as well. Therefore, knowledge is not only about understanding different features of different products, but more about understanding what kind of benefits these features have. For example, leather interior can be considered as both luxurious and comfortable. It depends on the CSR what they would like to offer for their customer.

Attitude is also a part of the core because it often plays a big role in all sales situations. The SBS Training Guide (2016) states that: “How you feel about selling determines how well you sell”. Being enthusiastic and keeping up a positive attitude helps all sales situations, because the customer often trusts the sales representative more than they even think they do. If the CSR, however, is for example afraid of selling, their attitude towards the whole sales situation is negative and this often reflects to the customer and has an impact on their behaviour as well.

Presentation then again is all about how the CSR acts during the sales situation. The training guide suggest for exapmle to concentrate on the following:

- Have customer’s full attention
- Positive body language
- Overselling/underselling
- Make it personal

How the CSR is acting in a sales situation tells a lot to the customer and simple things like giving the customer an undivided attention might sound very simple, but is often forgotten by the sales representative and considered as important by the buyer. With above mentioned simple “tricks” the CSR can easily make the experience already more delightful for the customer.

4.2.2 The Wheel

Around the core there are 6 steps that divide the whole sales situation into different parts and explain step by step how to sell properly.

The first step is **Greet & Build Rapport**, which in the training guide is explained as follows: “A positive first impression sets the tone for the rest of the rental. Mirror your customer by finding something in common, acknowledging their needs and matching their body language and personality traits. Compliment and/or congratulate them if their visit is important or special. Create a great atmosphere with a sincere, warm welcome!” (2016) This refers to building a positive first image for the customer, which then helps the rest of the sales situation.

The second step is called **Qualifying** and this step plays an important role in the Wheel. Qualifying is all about finding out as much information about the customer as possible by observing and asking the right questions. The CSRs are adviced to find out for example:

- Reason for the trip (business or leisure)
- Destination (travelling around, staying in one place)
- Travel companion (who, how many, ages)
- Luggage for the trip (how much, what size)

With right questions and careful observing the CSR can find out information that helps the CSR determine what needs and wants the customer might have. This then helps in the next steps of the Wheel. “Qualify your customer by confirming what you observe, actively listen and asking questions. Most importantly, do all of your qualifying at this step!” (SBS Training Guide. 2016)

The third step of the Wheel is to **Offer a Vehicle**, which in this case is about upselling. Most of the customers reserve a car beforehand and often a cheaper vehicle option is chosen. The CSR’s task now is to get the customer to upgrade their vehicle into a better and more expensive one. Hertz advises their CSRs to upsell to every customer, always start with the best vehicle possible and never underestimate the customer. Offering the best vehicle possible is often considered as a compliment by the customer whereas not offering the best option can be considered as rude. “Don’t pre-judge your customers based on the length or rate of their rental. Be consistent and offer an upsell 100% of the time.” (SBS Training Guide. 2016) When upselling, Hertz also advises their CSRs to use “2 Features, 2 Benefits” technique. This means that when upselling the CSR should explain to the customer only 2 features of the vehicle they trying to upgrade to. These features should have benefits that the CSR thinks are important for the customer to have, for example V6 motor = more power for the driving, Rear air = more comfort for you and your family. “Begin by using a confident offer phrase, then offer your upsell with 2 features and 2 benefits based on their needs. Lastly, use an assumptive close.” (SBS Training Guide. 2016)

When the customer has made a final decision on which vehicle to rent the CSR can move on to step 4 **Offer Protection** and 5 **Offer Other Services**. In these steps the CSR concentrates on selling all the other ancillary products for example insurance, navigator and Key Cover. Hertz guides their CSRs to sell better by concentrating on the positive rather than the negative: “Customers will be more receptive to your presentation if you focus on the benefits they will receive if they take it, not the consequences they will suffer if they don’t.” (SBS Training Guide. 2016) For example, when selling a navigator for a customer who is in town for business, the CSR can explain to them that the navigator helps them to save time and get to the destination faster and easier and this way helping them reduce stress during their business trip. Telling a customer that without a navigator they will be

lost and spending hours and hours trying to find their destination can make them feel negative and the purchase becomes a liability rather than a privilege. As mentioned at the beginning of chapter 4.1. reasoning is important for people because it drives their actions and emotions. Therefore, explaining how different products and services would benefit the customer based on what we know about them helps the CSR to make a sale. Hertz also advises the CSRs to react to customer's objections as questions rather than refusals.

When the CSR has offered all the products and services for the customer it's time for the final step **Close Positively**. The CSR is advised to go through the rental agreement carefully with the customer one more time and answer any further questions they might have. When both parties agree, the contracts can be signed and the CSR can thank the customer and wish them a pleasant trip. Using the customer's name when thanking them is recommended.

4.2.3 What Makes the Programme Work?

When looking at the Wheel model, it is in fact very simple. There is a great idea behind the programme though. First of all, giving the CSRs a 10% "commission" from their ancillary sales is a good way to motivate the staff, because the staff can easily earn more just by working for it. This way the company can get people more involved in the programme, especially because of the training, which is the second point. By training their staff well, Hertz gives their workers the tools and knowledge to succeed. Of course, this means more revenue for the company as well, but this way the training goes into good use. When the CSRs have a reason to learn (in this case, to earn more money for themselves) they will learn better than people who are forced to learn and use the tools for no reason at all.

The Wheel model is working as sales tool, because it concentrates on each individual customer and their needs, instead of trying to force a lot of stuff for whomever. The beauty of the programme is the whole aspect of understanding **who** you are selling to, to know **how** to sell to them. The CSRs do offer each ancillary item to each customer, but for different reasons. Knowing that consumers have changing wants and needs helps the CSRs to offer their clients solutions. Businessmen compared to family on vacation have very different kinds of needs, but they might need the same products and services, just for different reasons. Where one person is looking for comfort, another one is looking for luxury, safety or plain easiness. Understanding this factor, makes the sales situation always a bit more individualised. Everyone gets offered the same items with the same 6 steps, but "customized" to their needs.

4.2.4 Training and Controlling

The SBS training starts with higher positioned managers. According to Mikkonen, the revenue manager of the company takes part in an international training held in the U.S. The revenue manager then is in charge of training station managers in their country of operation. All station managers in Finland take part in a training day, held in Helsinki, that includes the SBS training. The revenue manager also offers additional SBS training for those in need. After their training, the station managers then train their own CSRs in their own outlets.

A part of the revenue managers job is to follow how well the Wheel is being followed in each outlet around Finland. He visits each outlet one by one and monitors the programme in real customer service situations using a SBS Coaching Sheet (Appendix 1). The Coaching Sheet helps the monitoring process since it divides the service situation into 6 steps, out of which each are separately scored based on the CSR's performance. The monitoring is always done during actual customer service situations so that the process could be understood more realistically. After the monitoring, the revenue manager always goes through their findings and gives development suggestions for the CSR (in case there is improvement to be made).

5 Staff Survey – How does staff feel about the Wheel

In order to find out the staff's mindset towards the Wheel programme, a survey was made. The survey consisted of 7 open form questions related to the Wheel programme and its effect on the employees on several different areas related to their job.

The survey was conducted as an email first to the CEO, who then forwarded it to the Sales Manager who forwarded the survey to all the units. The minimum amount of answers needed was 8 and the total amount received was 13.

The answers were anonymous, so no names, genders or ages were asked, because they did not seem relevant to this specific topic. The work unit however was asked since the sales and customer flow differ a lot between different units and the author suspected that this might influence some of the answers.

Each question has been explained and all the answers gathered in the next sub chapters.

5.1 Outlets included in the survey

As mentioned earlier, the author felt that the outlet was relevant to this survey since the sales and customer flow differences can have an impact on some of the answers. Therefore, the first question in the survey was: "Which outlet do you work in?".

Out of the 13 answers, 2 were from Turku, 4 from Tampere and 7 from Helsinki-Vantaa Airport.

Unfortunately, there were no answers from any of the smaller cities. All of the answers came from the best performing units in Finland. This will be later on taken into consideration, while analysing the results of the survey.

5.2 Importance of the programme

The second question in the survey was: "What do you consider as the most important thing in the ancillary sales programme?". 7 out of the 13 participants simply answered rewards or money for the employee. Some of the respondents, however, did specify their answer for example by explaining that the money is the key for the employee, but also for the company. A respondent from Tampere wrote: "Apart from the personal rewards, I also feel it's about increasing the company's profitability with small effort".

Out of the remaining 6 answers 3 were motivation. A respondent from Helsinki-Vantaa Airport stated that: “The most important thing is the motivation to sell products so that the deal helps both the customer and the seller.”

The remaining 3 answers were about the functionality of the programme. One respondent from Tampere stated that the most important thing is that the programme makes sales representatives more active at work. The other 2 were about the benefit for the customer. Another employee from Tampere wrote as follows: “I think the most important is the fact that the customer knows the benefit they are getting. Not getting fooled.”

More than 50% of the respondents did find money to be the most important factor in the programme. The answers are gathered in the pie chart below to better demonstrate the distribution of the answers.

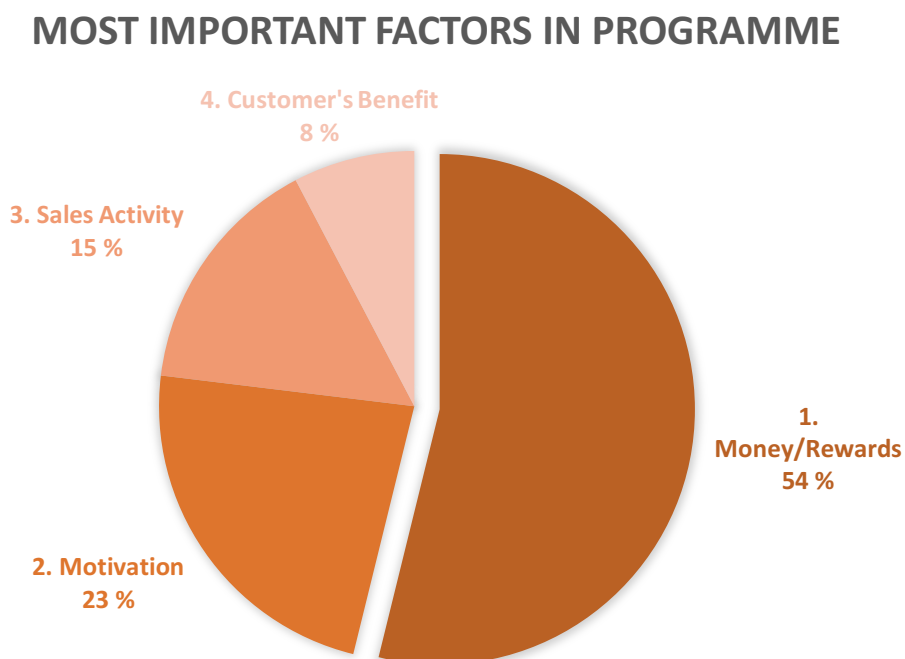


Chart 1. Most important factors about the programme from staff's point of view (2017)

5.3 Functionality and improvement suggestions

The third and fourth questions were about the functionality of the programme and how to improve it. The third question was: “Do you think that the programme is working? Why?” and the fourth one: “How would you improve the programme?”.

What was interesting about the answers was, that all the respondents thought that the programme is working. There were 2 answers however, that claimed that the programme

is working from most parts, but not completely. “It’s definitely working, but not entirely. I would like it if the sales people would get paid a bit more” answered a respondent from Turku. The other answer was from an Airport employee, who stated that: “It is working from most parts. Some of the products / services however are a bit weird, like the KeyCoverly. Most people don’t like selling it, because it doesn’t feel as helpful for the consumer as other products and the bonus isn’t as big either. Therefore the product isn’t sold as much.” Another employee also commented on the same issue, but from another point of view: “I also like the bonus opportunity and the programme helps to sell some products that otherwise might not be sold at all.” Motivation towards selling was also mentioned in couple of other answers, for example by an employee from the Airport, who stated that: “The programme definitely works! If we didn’t have the programme I wouldn’t necessarily try to upsell anything. The programme really motivates to sell.”

What comes to the improvements question, out of all the respondents three would have liked the amount of bonus to be bigger. Out of these respondents there was one from each of the units. 7 out of the 13 wouldn’t change anything about the programme. One respondent suggested adding some of the ancillary items into a package deal, so that instead of selling multiple items they could concentrate on fewer. Another respondent also commented on the number of items being sold as follows: “I wouldn’t increase the amount of products though. We have a nice range of different kinds of products available and trying to sell even more might become challenging.”

IMPROVEMENT SUGGESTIONS

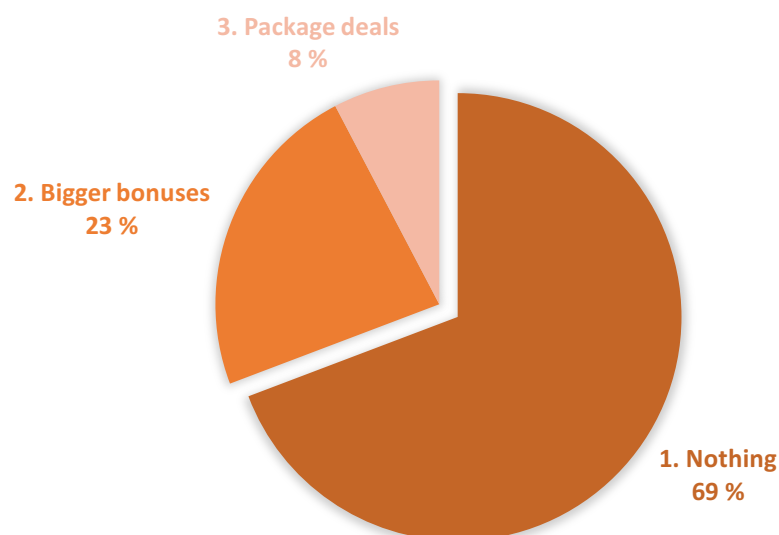


Chart 2. Improvement suggestions for the Wheel programme (2017)

Apart from these answers there was one that was interesting, but didn't have a significant effect on this study: "I wouldn't change the programme, but I would like to note that there are also other ways of effecting staff motivation that could be considered more." This could definitely be a subject for future research.

5.4 Work environment

The fifth question in the survey was "Has the programme had an effect on your work environment? If yes, how?". Out of all the answers, four didn't think that the programme has influenced the work environment in any way. Out of these answers, three were from Tampere and one from Helsinki-Vantaa airport. Answers from Tampere were all very clearly stating 'no' whereas the airport worker clarifies his answer by explaining that he doesn't feel like he is in a competition with anyone else and therefore doesn't feel that the programme would effect the work environment in any way.

Out of the 13 answers 9 workers felt that there was at least some kind of impact. 5 of the answers were talking about the increase in competitiveness at work. A worker from Turku wrote as follows: "It has definitely brought healthier competition which I think is good for the work environment. Of course this also brings some envy amongst people, if they feel like they can't reach the level of other sales reps." Many answers are talking about 'healthy competition', which indicates that the competitiveness is good to a certain limit. As the worker from Turku explained, there is some envy amongst some people, that then might have a bit negative impact on the work environment. An employee from the Helsinki-Vantaa Airport also comments on this issue: "I've seen some people fight about what sales belongs to who. Personally, however, I don't feel like I'm in a competition with anyone else."

Four of the answers talk about the increase in motivation and sales activity. A worker from Helsinki-Vantaa Airport states that: "People are more active and motivated to sell, which is very positive." Motivation will be also discussed in the next question a bit more.

IMPACT ON WORK ENVIRONMENT

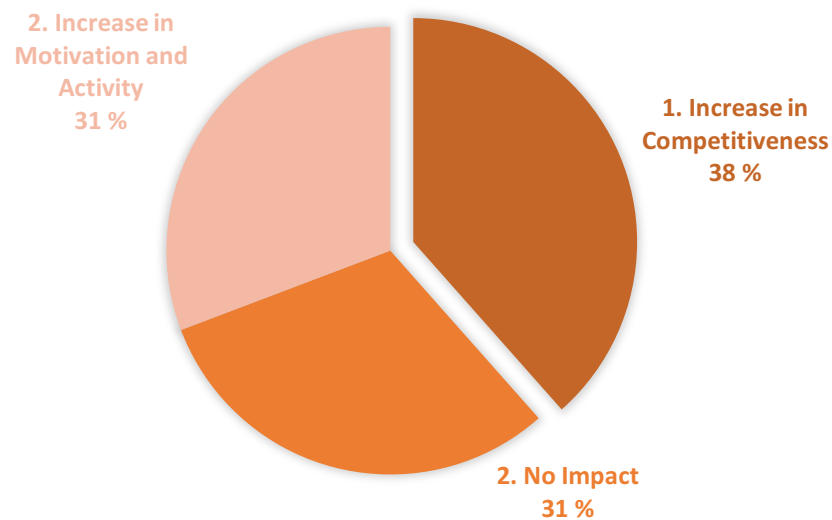


Chart 3. Programme's impact on work environment (2017)

5.5 Motivation towards work

The sixth question in the survey was: "Do you feel that the programme motivates staff at work?"

Out of all the 13 answers, 10 were clearly stating that they feel the programme is motivating one way or another. An employee from Turku writes as follows: "It motivates to do the service process better, because there is an opportunity to earn more when the customer is satisfied. I also feel that the service process wouldn't be done as carefully (f.ex. not telling anything about the vehicle for the customer) if there was no motivation behind it." Another employee from Turku says that he is motivated by the money, but also because of the opportunity to learn more.

Out of the four workers from Tampere, three stated that the programme is motivating because of the money and one stated that the programme could be more motivating if the staff would get even bigger cut of each sale.

Out of the 7 Airport employees four answered by only writing 'yes' and one further explained: "Definitely! If we did not get our share from the sales, I do not think that anyone would sell as actively." There was one employee who was a bit unsure whether the programme is motivating or not: "I do find it motivating at times, but not necessarily always. For example at the end of the summer I'm already so exhausted about the long, busy days that I do not really care about the extra money. As I have mentioned earlier, there are

many other ways of motivating the staff as well.” The author feels that this comment especially should be considered by the management. Among the airport workers there was also one employee, who did not agree that the programme would be motivating staff at work. This person explained their answer as follows: ”No, it motivates to sell, but not to work. Our work is about so much more than just selling and I feel that to be motivated in working I would have to be motivated in more ways than one. It does motivate me to sell though, yes.”

PROGRAMME MOTIVATES TO WORK

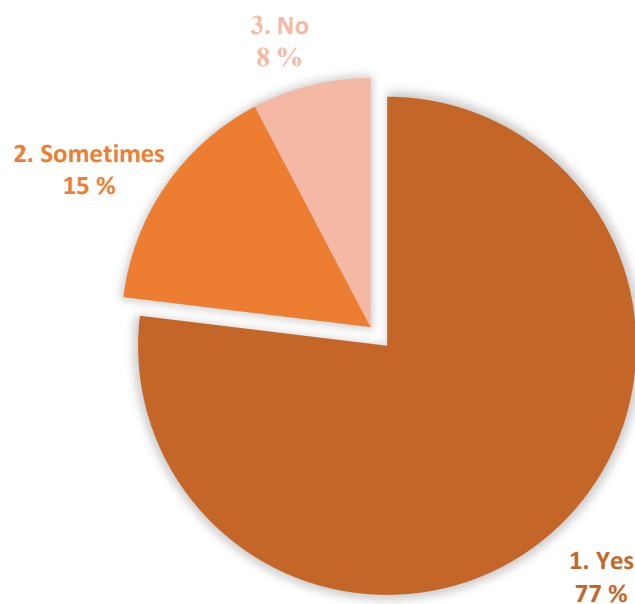


Chart 4. Programme's effect on work motivation (2017)

5.6 Loyalty towards the employer

The last question in the survey was: "Does a programme like this motivate to stay with the same employer?"

Four out of the 13 respondents answered straight yes. Three of these workers are from Helsinki-Vantaa Airport and one from Tampere. Five out of the 13 answers were leaning towards yes, but didn't state it clearly. Out of these answers 2 were from Tampere, 2 from the Airport and one from Turku. All of the answers did state that the programme is a nice bonus, but none of them clearly stated that it motivates to stay with the same employer.

The last four answers all stated that the programme is not a motivator to stay with the same employer. A worker from Tampere explained that the programme is a nice way to

earn more, but it is not a good enough reason to stay with the same employer. Two respondents from the Airport unit had a very similar feeling, saying that the programme is a good way to earn more, but it is not a good enough reason to stay with the same employer. Both of the respondents explained that the reason behind this is, that you would get money from other jobs as well. The last answer was from a worker from Turku, who also stated that: "Personally I do not feel that the programme on its own is a reason enough to stay with the same employer. I would need other reasons too. I think it is a nice way to earn more though."

MOTIVATES TO STAY WITH SAME EMPLOYER

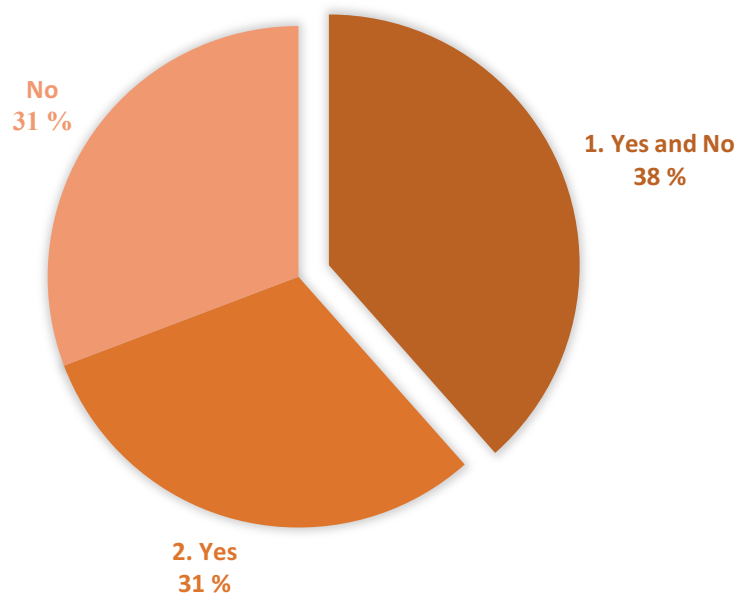


Chart 5. Does the programme motivate to stay with same employer (2017)

5.7 Summary and thoughts

In this part the answers collected in the survey are being further analyzed.

5.7.1 Motivational tools

In chapter 2.1.3 staff's motivation was further discussed and the author made a point about money often being a very easy and effective motivational tool, which however should not be considered as the only one. As mentioned earlier, motivation is a very personal thing and is based on people's individual needs. Some people do not necessarily consider money to be a motivational tool at all, but are more goal oriented and aim to get results instead of rewards.

What is really interesting about the questions related to motivation was that most of the employees seemed to automatically put money and motivation together. This shows because most of the people did not exactly mention any other motivational tools except money. A reason for this might also be behind the fact that these respondents are working in the best performing units with most opportunities to earn more. Here it would have been interesting to also see results from smaller units with less opportunity to earn more. In these places money might play even bigger role or then it might have no effect what so ever. The author would definitely recommend future research to investigate deeper what actually motivates their staff.

There was one employee who stated couple of times that they would like the company to motivate staff in other ways as well than just with money. This again was very interesting in a sense because another employee kept on bringing out the fact that they would like to get even more and more money. This shows that there are different ways of motivating staff and for the company it is of course important to try and meet many of the needs at least in some level.

What was also interesting was, that almost 70% of the employees felt that the programme doesn't need any improvements, yet the same amount of respondents also either didn't think or weren't sure if the programme is a good enough motivation to stay with the same employer.

It was also interesting to see how many people put money in such a big role at work. 23 % of the respondents would like to get even bigger bonuses and 54 % considered money to be the key point of the programme. The 31 % of the respondents who stated that the programme doesn't motivate to stay with the same employer, all also noted that you can get paid from every other job as well.

In fact it was extremely surprising how many people considered the programme to be only about money, where in fact it also offers the staff many other motivational tools as well.

5.7.2 Performance and sales tools

As mentioned in chapter 4.2. Hertz offers a SBS training for their staff to maximise the knowledge that's relevant to make the program work. By doing so the company is offering their workers the tools to succeed and therefore also to earn more.

In chapter 2.3. the importance of staff training is further discussed and the author states,

that thorough staff training is a key of having qualified people working for your company and as every employee represents your company in daily bases, therefore training correlates to how people are able to see your business and how they might feel about it.

In the same chapter the author also mentions that offering your workers the tools to succeed can be a gateway to longer lasting employee relationships and therefore also lower the company's staff turnover.

What the author found very interesting about the survey answers was that only 8% considered the customer's benefit to be the most important thing about the programme. As mentioned in chapter 4.2. the SBS training does also emphasize the importance of the programme from the customer's point of view. Therefore 8% sounds very little and the author would definitely recommend the company to look into this more, as this might open more motivational tools and training possibilities as well.

Another interesting thing about this same topic, was that 15% of the respondents considered the increased activity of their co-workers and themselves to be the most important part. As one of the employees wrote: "If we didn't get our share from the sales, I don't think that anyone would sell as actively." The author would definitely highlight this comment from all the answers, especially if the company would ever consider reducing or even removing the bonus system all together. This might have a very negative impact on the staff's performance level.

What was really surprising for the author was, that none of the respondents brought up the possibility to learn something new and develop themselves. The author did suspect that there would be at least someone, who would consider the gain of knowledge to be at least a minor part of the process, but at least among these respondents there was not anyone who would've considered this to be a factor worth mentioning. This again might indicate for the company, that the staff does not put as much emphasize on the importance of the training as the company does.

5.7.3 Work environment and employee wellbeing

In chapter 2.4. the author discusses the company's possibilities for minimizing costs effectively. The author mentions that satisfied workers turn to long lasting employees easier and therefore minimize staff turnover.

Concerning this subject, the author found it intriguing that 31% of the respondents did consider the programme to be a good motivator to stay with the same employer. It was

also positive to see that 38% were between yes and no, but mainly saying that the programme is a nice bonus.

What comes to improving the work environment, to guarantee better wellbeing for the employees, the author did note that 38% of the respondents thought that the programme has increased the competitiveness among their co-workers. Most of the answers stated that the competitiveness is very healthy, but some of the answers also brought up some negative features. As one employee stated: "Of course this also brings some envy amongst people, if they feel like they can't reach the level of other sales reps." The author was really interested in this specific comment, because it kind of culminates the whole aspect of motivation and what people think is important. Envy towards other people's success in this case is not about the fact that other people earn more, but rather about not performing in the same level as others, making the motivation here lean more towards goal orientation.

The author would like to note, that as the programme seems to mainly have a positive impact on the employees' work environment (based on this survey), a further look into this subject might be in order to make sure that the competitiveness does not take a wrong turn at any point.

6 Profitability of the Programme

The profitability of the programme has to be considered from several points of view. Impact in revenue is of course one of the most important things to consider. In an interview with the CEO, he explains that since the beginning of the programme the amount of ancillary sales has tripled (Mikkonen, H. 2016). Mikkonen continues by stating that the programme has had a huge impact on the company's overall sales. To understand the actual value of the increase in sales, the investment has to be considered as well. As mentioned at the beginning of chapter 4, Hertz gives 10% of their ancillary revenue for the CSR who landed the sale. This is of course the biggest investment (cost) in the programme. However, as the investment grows with each ancillary sale so does the revenue made from the programme as well. Therefore the investment is very smart, because it is linear and therefore will never be more than the outcome of it, whereas many other investments often take time to pay back for the company. In this case, however, the investment is paying itself back in the same pace as the investment is growing. And if the sales would suddenly stop, the investment would stop growing as well. In other words, the investment is constantly making profit, unless there is 0 revenue (see table 2).

Table 2. Example of ancillary revenue's profit and cost growths.

Ancillary Revenue	Cost: 10%	Profit: 90%
0 €	0 €	0 €
100 €	10 €	90 €
300 €	30 €	270 €

Another investment to consider is the training costs that the programme has caused. Since the training material itself does not separately cost anything for the company the main thing to consider is the additional staff cost that is being caused by the programme. The training however does not take days, but instead only few hours, which makes it a more affordable investment. Investing into a proper training is also important because it effects the staff's knowledge and as mentioned in chapter 2.3. staff training should always be considered as important, because it offers your staff better tools for success and makes their job easier. According to the CEO the programme has had an impact on the company's staff turnover. Mikkonen explains that the staff turnover has decreased since the programme was launched. He also adds that in the exit interviews (held for people who are leaving the company) most people have had very positive attitude towards the programme. "People have generally considered the programme to be a good way to both

earn more and develop more skills and knowhow” (Mikkonen 2016). Mikkonen also explains that the most common reason for leaving the job has been a change in personal life. This indicates quite high staff loyalty that could be a cause of continues motivation. As for the results from the staff survey, 69% of the respondents did either consider the programme to be a motivation to stay or at least had a positive view towards it. The 31% who did not consider the programme to be a motivation to stay, did point out that the programme simply can not be the only reason to stay, but instead there needs to be other reasons as well. This however indicates, that the programme would actually have either a positive or very neutral effect on the employees. And as long as the programme might be a motivation to stay in some cases, but never the reason to leave, it would indicate that it is successful.

In addition to staff loyalty, the programme seems to be having a positive impact on customer loyalty as well. According to the CEO the amount of Hertz Gold members has increased about 5% annually for the past 5 years, which is more than during previous years. Of course, it cannot be stated that the cause would be only the Wheel programme, but as the programme concentrates on the importance of customer service and understanding customer needs, it is almost safe to say that the programme has had at least some level of impact here. And as mentioned in chapter 2.2. even if a delightful and satisfying customer experience would not guarantee future purchases at least satisfied customers will not end up completely disloyal either, but instead the option of repurchase remains open. Whether an actual impact on customer loyalty has been reached with the programme can not be stated for sure, but at least more input is now made towards the customer experience, which in the long run can still have a big impact in the financials of the company.

So, when we evaluate whether the Wheel programme has been a profitable investment for the company or not, the author’s conclusion would be yes. As the biggest investment of the programme is linear to the revenue, the only investment to consider is the training cost. And as the company’s staff turnover has decreased since the programme (with staff having a positive response to the programme) it has also saved the company money on new staff’s training. So, the company has saved in training costs by investing into training. Lower staff turnover often also means more qualified and knowledgeable staff, which often has a positive impact on both customer experience and the amount of sales. Therefore investing into existing staff’s training can be considered cheaper than investing into new staff’s training, which often requires more time and energy. And if the programme has had a positive impact on customer satisfaction or loyalty, this plays as an extra that makes the programme even more profitable. Based on these information, the author finds the programme to be a positive enhancement and considering the increase in revenue it

can also be considered as profitable, since the programme has also helped cutting costs by lowering the staff turnover.

6.1 Profitability from International Point of View

Meeting and exceeding customer's expectations are discussed in chapter 3.4. If a customer gets certain treatment in a company, they will be expecting similar treatment the next time around as well. What comes to the Wheel programme, the author feels that for Hertz Finland the programme is an improvement also from the international point of view. If a foreign customer would rent a car from another country that is using the Wheel programme and then the same customer would rent a car from Finland, they would get similar level of customer service. And as the Wheel is concentrating on the customer experience and their wants and needs, the author feels that it is extremely important to meet the customer service expectations. From this aspect, the Wheel works almost like a guide book that makes the service a bit more standardized, but also makes sure that sales are made in a proper manner.

By using Wheel, Hertz Finland can meet the expectations which their foreign customers might have. The problem of course is, that if there are some other countries that are not using the programme, this can be harmful for them, because the client's expectations are not necessarily met there in the same way. This, however, does not effect the business in Finland, therefore the Wheel is definitely a good choice from international point of view. Now the company can meet their client's expectations either in the same or higher level as other countries. Companies often have quite mixed feelings towards programmes that standardize service, but the fact is that at least the consumer always knows the level of service they will get when they make business with the company. And the difference in Wheel of course is that the whole programme is based on reading your customer and what they might need or want and then creating them solutions, rather than offering them a range of things just because we have to.

6.2 Development Suggestions

As Hertz has been satisfied with their programme and the outcomes of it, future development possibilities should be considered as well. As discussed in chapter 3, meeting customers' expectations is important, but exceeding them necessarily is not. As the future generations will grow up in a world of customisation with multiple options always available, the demand and wants and needs of the customer will unexpectedly change too. As discussed earlier, the future generations have so much information in their hands, that they think know the best possible solution to their problem without help from a professional.

The problem of course is, that if the solution is not the correct one, it might lead to a disappointing customer experience. As companies will find themselves concentrating more and more on providing excellent customer service, since problem solving just is not enough anymore, using CRM tools becomes even more important. Especially the whole aspect of value equality should be kept in mind.

From the perspective of the staff, the author would suggest further research on staff's motivation and how to increase it also in other ways than just with money. As the bonuses however seem to play a big role for many of the workers, any changes made to the earnings possibilities should be made very carefully to ensure that the staff stays motivated and satisfied throughout.

The author also suggests that the company would consider the development ideas that the staff suggested in this survey. It could also benefit the company to make a larger survey about the improvement suggestions, as the employees use the programme every day. The author would not necessarily increase the bonuses, but making more easy to sell packages could be a good option to consider.

6.2.1 Automation

Automation seems to be a widely discussed topic in many industries nowadays and talks about different sorts of artificial intelligences surrounds us. There are many self-service options already available and in the future there will probably be even more as the consumers will find themselves more and more independent. Along with different self-service options, artificial intelligences are developed to make the service situation even more enhanced. For example some hotels are currently trying out video concierge service instead of having an actual person as a concierge. The concierge works individually with each hotel guest and helps them out with their many needs during their stay. The virtual concierge works similarly to Siri or Alexa, which are some of the most famous user interfaces to artificial intelligences in the world at the moment. They work with voice command and their purpose is to collect information and perform certain activities for the guest (for example make reservations or place orders).

Many companies, who try out these self-service and artificial intelligence options, are of course trying to cut their staff costs as they are often one of the biggest expenses in the service industry. As the artificial intelligence works with the Internet, they have a lot of information available, a lot faster than a human does. This also means that the artificial intelligences can often help the customer in a wider way than a human could. Self-service

and artificial intelligence, however, is missing one important thing: human to human interaction. Therefore, many different kinds of virtual and video services are developed as well. They cater the artificial intelligence in a more “human” way.

When talking about the future of the Wheel programme with the CEO of Hertz Finland, Mikkonen says that he does not think a self-service desk as an improvement for the company, even if it would have an actual person playing on a video chat of some sort. He explains that this idea has been tried out in the U.S. and it just has not been successful. “When the actual face to face interaction does not happen, the customer just does not buy that much”, Mikkonen (2017) explains. He says, that the self-service desk connects to an actual sales representative in Oklahoma, who then helps the customer with their rental. The sales representative of course tries to use the same Wheel sales techniques as all the other CSRs. However, the ancillary sales from these self-service desks are remarkably lower compared to actual face-to-face sales situations. Mikkonen even explained that the self-service desks are only available in the busiest airports in the U.S., but they are only open when there is such a rush that there just is not enough staff and desk space available to handle all the customers in a reasonable time. He also adds that if the reason for these automated service desks would be to cut costs, it would actually do the exact opposite because the revenue would diminish remarkably. He also suspects that if a CSR would be replaced with some sort of artificial intelligence, there are still very basic human behaviour that the computer would not necessarily recognise including emotional sensibility and sarcasm.

So even if an artificial intelligence with a video image would be developed for the company, Mikkonen does not think that it would benefit the business in any way. He strongly believes that at least in their company the CSRs cannot be replaced with a “machine”. And for an idea to become a managed development, it would have to make the company somehow more profitable. So, even if the staff expenses would diminish, if the revenue would remarkably drop as well, is the development really a development or just an idea?

6.2.2 Rental Data Platform

During the interviews, the author noticed that Hertz does not use their existing customer data in sales situations at all. When asking about this from the CEO, he explained, that even though the company does collect all sorts of data about their customers, the information is not used in sales situations, because the information is so difficult to utilize. He says, that there is a lot of information about the customer’s previous rentals including information from other countries as well, but all the information available is in a form that

consists of lots of data and is not easily grasped and comprehended. Looking into a certain client's rental history would take a lot of time and effort from the CSR. Therefore, it has been considered a lot easier to collect information about the customer in the sales situation by asking questions and observing.

However, for a regular customer who is using the same rental company time after time, hearing the same questions and offers each time, might get a bit tiring. Therefore, the author was curious to know if the CEO would be willing to use the client's rental history in sales situations, if the information was in a format that would be easier to handle. Mikko-nen seemed interested in the idea and states that with the right platform, that would collect the data in a smart way and lay it out neatly, the use of existing customer data would be a considerable option.

From CRM point of view, using the existing customer data can help in the future sales, as the sales representative can manage the customer's behaviour differently. This does not mean that selling should be completely based on the customer's previous purchases. For example if the client has previously rented the cheapest car in the selection with no ancillary products or services, it does not mean that they should not be offered to them now. Instead the client's rental history can be a valuable sales tool. For example if a CSR notices that a client has been travelling with their family last time, but is now travelling alone, they might offer them a sports car as a piece of luxury for their journey. With right use of the existing data, the CSR can truly meet the customer's needs. And as mentioned in chapter 3, meeting customer's future needs are also a big part of CRM, therefore knowing what your consumer is used to can help you figure out, what they might want in the future as well.

7 Discussion

In this part of the thesis the author will analyze the research method, evaluate the thesis making process and give future research suggestions.

7.1 Analyzing the Method

The thesis was made with a qualitative method. The material for the empirical part of the thesis was collected with 2 separate interviews with the CEO of Hertz Finland and with an openended questionnaire survey for the staff.

The first interview with the CEO was a more general view of the company and the programme whereas the second interview was more concentrated on the results and future development of the programme. Additional information was provided for the author via email including the training material introduced in the empirical work.

The interviews were both written down while the actual interview was happening and the questions were formed with an open form, giving the CEO an opportunity to answer and explain things more widely. Both of the interviews resembled a conversation, making the situation a bit more casual as well. As the author herself knows the CEO personally, this might have effected the nature of the conversation and also the author's overall view of the company. A thorough theoretical work helped the author form the interview questions and collect the right information for the empirical work.

The staff survey was conducted via email and it consisted of 7 open form questions. All the answers were collected anonymously to get as realistic answers from the workers as possible and also, since the identities of the workers didn't play a crucial role in the survey. When all the answers had been collected the author read them through and translated them as the answers were originally in Finnish. After this, all the answers were divided into separate groups and further analysed.

The author knows, that there might be some pressure for the employees to answer in a proper manner maybe thinking that the company will probably read the answers. This might've also effected the fact that all of the answers were from the larger outlets with more employees. Workers from smaller outlets might have been cautious that they could be spotted easier, since there is less staff working in that specific unit.

The author decided to use interviews with the CEO himself to collect material because she wanted to get a wider view of how the programme is effecting the company overall. If

for example only the staff would have been interviewed instead, it would have given the thesis a more staff based view, making the topic narrower as well. And as the CEO has access on all company's data, it was easier to collect certain information by interviewing him. As the CEO, however, is not working as a CSR himself, he can not give realistic comments about how the staff is feeling about the programme besides based on the comments he has received from the exit interviews. Therefore, surveying the staff was important to get a wider view of the topic. Knowing how the customers are feeling however is hard to evaluate without a more thorough research. Therefore, the author would also recommend further research on customer satisfaction.

7.2 Future Research Suggestions

Results of qualitative work like this cannot be generalised, because there are many variable factors in different companies. The author is curious to know however, if the programme could be transferred into another company successfully. As another future research subject the author would also suggest developing a rental database (discussed in chapter 4.3.2.) and experimenting whether the database would work in the company successfully or not.

Other future research suggestions have been mentioned earlier in chapter 5. The author has suggested further research for example about motivational tools for the staff and also about development possibilities of the programme.

7.3 Evaluation of the Process

As the author herself has worked in a management position in a restaurant for the past couple of years, her interest towards profitability has constantly grown. As profitability is an essential part of whether the company will succeed or not, the author finds the topic extremely important. Knowing how to make revenue is not a key to a successful business, but understanding how to make revenue with a reasonable cost and the value of long term investments is.

During the thesis process the author first concentrated on making a strong theoretical research before starting the interviewing process. This then helped the author to concentrate on right things during the actual qualitative work. The interviewing process was divided into two parts, which the author considered to be a smart choice. She also felt that surveying the staff would give beneficial information to the management.

The thesis process taught the author even more about profitability and gave her new perspective on the whole concept. Comparing ideas and insights of the topic from different people and different years gave the author a wider view into the matter as well. The author hopes that the thesis will give people a better understanding of what profitability is really about. Specially to understand the importance of long term investments and the impact they can have for the company's financials and future success.

References

Bauer, W. 2016. Exceeding Client Expectations Just Leads to Really Entitled Clients. Entrepreneur. URL: <https://www.entrepreneur.com/article/278703>. Accessed: 2.3.2017

DeMers, J. 2014. No, The Customer Is Not Always Right. Forbes. URL: <https://www.forbes.com/sites/jaysondemers/2014/09/02/no-the-customer-is-not-always-right/2/#751769204bb7>. Accessed: 2.3.2017

Dixon, M.; Freeman, K. & Toman, M. 2010. Stop Trying to Delight Your Customers. Harvard Business Review. URL: <https://hbr.org/2010/07/stop-trying-to-delight-your-customers>. Accessed: 2.12.2016

Fleet, D. 2008. The Importance of Meeting Expectations. URL: <http://davefleet.com/blog/2008/02/18/the-importance-of-meeting-expectations/>. Accessed: 2.3.2017

Goodman, J. 2009. Strategic Customer Service. American Management Association. United States of America.

Harvard Business Review Press. 2012. HBR Guide to Finance Basics for Managers. Harvard Business Review Press. United States of America.

Infinet Contact. 2015. 10 Reasons Why Customer Satisfaction Is Still a Crucial Business Metric. URL: <http://www.infinetcontact.com/blog/10-reasons-why-customer-satisfaction-is-still-a-crucial-business-metric/>. Accessed: 2.12.2016

Keiningham, T.; Aksoy, L.; Buoye, A. & Williams, L. 2009. Why a Loyal Customer Isn't Always a Profitable One. The Wall Street Journal. URL: <http://www.wsj.com/articles/SB10001424052970203353904574149041326829628>. Accessed: 5.12.2016

Klein, M. 2013. Customer Satisfaction Is Not Customer Loyalty. Direct Marketing News. URL: <http://www.dmnews.com/loyalty/customer-satisfaction-is-not-customer-loyalty/article/313592/>. Accessed: 2.12.2016

Lazazzera, R. 2015. How to Exceed Customer Expectations and Over-Deliver Every Time. Shopify. URL: <https://www.shopify.com/blog/34242949-how-to-exceed-customer-expectations-and-over-deliver-every-time>. Accessed: 2.3.2017

Lewis, J. How to Estimate Ancillary Revenue for a Hotel. Chron. URL: <http://smallbusiness.chron.com/estimate-ancillary-revenue-hotel-35944.html>. Accessed: 28.11.2016

Lickerman, A. 2010. Why We Need to Know Why. Psychology Today. URL: <https://www.psychologytoday.com/blog/happiness-in-world/201011/why-we-need-know-why>. Accessed: 29.3.2016

Markidan, L. 2014. How to Use Upselling to Increase Customer Happiness, Retention and Revenue. Groove. URL: <https://www.groovehq.com/support/upsells>. Accessed: 28.11.2016

Mikkonen, H. CEO. Hertz First Rent a Car Finland. Interview. Helsinki. Finland. 28.9.2016

Mikkonen, H. CEO. Hertz First Rent a Car Finland. Interview. Helsinki. Finland. 1.4.2017

Miller, A. 2014. Giving Customers More Than They Asked for Is Too Much of a Good Thing. Entrepreneur. URL: <https://www.entrepreneur.com/article/236060>. Accessed: 2.3.2017

Mukundan, G. 2016. 11 Definite Ways to Exceed Customer Expectations. Cloud Cherry. URL: <https://www.getcloudcherry.com/blog/11-ways-to-exceed-customer-expectations/>. Accessed: 2.3.2017

Myler, L. 2016. Market Segmentation: Sell More by Selling to Fewer. Forbes. URL: <http://www.forbes.com/sites/larrymyler/2016/01/19/market-segmentation-sell-more-by-selling-to-fewer/#7fbe64d5bf7e>. Accessed: 15.1.2017

Northway, E. 2016. Why Customer Segmentation is Important. Visma Corporate Blog. URL: <https://www.visma.com/blog/customer-segmentation-important/>. Accessed: 15.1.2017

Page, B. 2015. 3 Reasons Why the Customer Is Always Right ... Is Wrong. Inc. URL: <http://www.inc.com/bubba-page/3-reasons-why-the-customer-is-always-right-is-wrong.html>. Accessed: 2.3.2017

Payne, A. 2006. Hand Book of CRM. Achieving Excellence in Customer Management. Butterworth-Heinemann. Great Britain.

Peters, D. 2014. Why Upselling Is Important for the Customer Experience. The Restaurant Expert. URL: <http://therestaurantexpert.com/upselling-important-guest-experience/>. Accessed: 6.12.2016

Reichheld, F. 2003. The One Number You Need To Grow. Harvard Business Review. URL: <https://hbr.org/2003/12/the-one-number-you-need-to-grow>. Accessed: 5.12.2016

Rout, N. 2015. 5 Reasons Great Employee Experience Leads to Great Customer Experience. Business to Community. URL: <http://www.business2community.com/customer-experience/5-reasons-great-employee-experience-leads-great-customer-experience-01332219#HWjzVGzIkSMAerGL.97>. Accessed: 12.12.2016

Smith, S. & Wheeler, J. 2002. Managing the Customer Experience. Prentice Hall. Great Britain.

Toropek, A. 2016. Exceeding Customer Expectations Is Nice but Not Necessary. CTS. URL: <http://customersthatstick.com/blog/customer-service-techniques/exceeding-customer-expectations-is-nice-but-not-necessary/>. Accessed: 2.3.2017

Appendices

Appendix 1. SBS Coaching Sheet

SBS Coaching Sheet		Location:		Coach:	
Employee Name:		RENTAL Type HLES, _____ RETAIL, _____ WALK-UP _____			
Date:		CDP _____		(F,D,I) - LDW _____ LIS _____ P&P _____ FPO _____	
Step 1. Greet/Build Rapport <i>Creates a positive first impression. (Write down positive examples from employee's own words)</i>					
Receives a score if he/she smiles, establishes eye contact, and creates a positive atmosphere by using an appropriate greeting					
___ Introduced self/welcome the customer (no "Next")					
___ Ask for FOP (form of payment) ... "such as a visa or mastercard"					
___ Personalized the interaction (used customer's name)					
Step 2. Qualify Customer <i>Determines P, T, L (through observation, active listening, or asking open-ended questions)</i>					
Receives a score if he/she determines # of People traveling, Distances being travelled, and amount of Luggage customer is traveling with					
___ P (how many People)		___ T (distance being Travelled)		___ L (how much Luggage)	
Step 3. Offer Vehicle <i>Uses recommended offering phrase (i.e. "I recommend..." vs "Do you want...")</i>					
Receives a score if he/she uses top down selling techniques, Points out 2 features and 2 benefits, Uses assumptive close before discussing price					
___ Recommended Vehicle upgrade ("Based on what you told me...", or "Since")					
___ Top down Selling Techniques (nicest vehicle available that suits customer)		1st Veh: _____ 2nd Veh: _____			
___ 2 features and 2 benefits		(Offer must be vehicle specific, not "SUV" or "Prestige", i.e. "Ford Explorer")			
___ Assumptive close ("Lets put you in that today")					
___ Customer focused pricing (Can - Today + Savings)					
Step 4. Offer Protection <i>"We Recommend the Complete Protection Package." (Include PERS and disclose in Step 6)</i>					
Receives a score if he/she offers Complete protection package, emphasizes benefits to overcome soft objection, offers lesser option on firm objection					
___ Recommended Complete Protection Package					
___ Soft Objection Emphasizes benefits					
___ Firm Objection Offer Lesser Option					
Option Recommended: _____		("What I recommend and what many of my customers do...")			
Step 5. Offer Fuel and other Services <i>Offers FPO, FSC, Premium Emergency Roadside Service, NeverLost, and Sirius</i>					
Receives a score if he/she offers fuel using convenience benefits (Focus on Convenience rather than price)					
___ Recommended Fuel Option (For your convenience... "whole tank", "bring as is") (no, "empty")					
___ Recommended PERS W/ Benefits ("for your peace of mind...")					
___ Recommended NeverLost (based on customer's need and availability)					
___ Recommended Sirius (based on customer's need and availability)					
___ Recommended other Services Solicit: AAO: <u>Y / N</u> Supp Equip: <u>CST</u> / Other: _____					
Step 6. Close Positively <i>"Is there anything else I can do for you?"</i>					
Receives a score if he/she states 3 things to say/3 things to do, covers EOC, and keep prices confidential					
___ Stated customer's name and reviewed EOC (confidentially)					
___ Emphasized customer's choice (focus on positive language, Accept vs decline)					
___ "Would you like any of the charges explained to you?"					
___ Offers Map/directions					
___ "Is there anything else I can do for you?" and Thanked customer					
Assessment					
Strengths					
Opportunities					
Target Area		Date	Coach Signature	Improvement	Employee Signature
				yes / na / no	
PREVIOUS TARGET AREA					